

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 DOE-15 H-02 INR-10 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-05 ICA-20 OES-09 SP-02

SS-15 STR-07 TRSE-00 ACDA-12 /140 W

-----006638 172237Z /12

P 172155Z AUG 78

FM AMCONSUL CALGARY

TO SECSTATE WASHDC PRIORITY 2563

INFO AMEMBASSY OTTAWA PRIORITY

UNCLAS CALGARY 0537

E.O. 11652: NA

TAGS: ENRG, CA

SUBJ: WESTERN PRODUCERS PUT FORTH NEW GAS EXPORT PLAN

1. GROUP OF LARGE ALBERTA PRODUCERS (AMOCO, PAN CANADIAN, PETROFINA, CANADIAN SUPERIOR, NORCEN ENERGY, DOME, AND HUDSON S BAY OIL AND GAS CO.) IS DEVELOPING PLAN TO EXPORT SURPLUS NATURAL GAS TO THE EASTERN UNITED STATES VIA THE EXISTING TRANSCANADA PIPE LINES SYSTEM. PROPOSAL CALLS FOR ANNUAL EXPORTS OF 500 BCF COMMENCING IN FALL OF 1980. EXPORT CONTRACT COULD THEREAFTER BE RENEWED BUT GAS VOLUMES WOULD BE REDUCED TO REFLECT GROWING NEEDS OF EASTERN CANADIAN MARKET. PROJECT, WHICH IS BEING CALLED "PROGAS", IS BEING MANAGED BY VERNON HORTE, FORMER PRESIDENT OF CANADIAN ARCTIC GAS PIPELINE GROUP.

2. COMMENT: THERE WILL BE SURPLUS CAPACITY IN TRANSCANADA SYSTEM OF ABOUT 170 BCF ANNUALLY IN LATE 1980 AND ADDITIONAL COMPRESSION WOULD BE REQUIRED TO TRANSPORT NEW GAS VOLUMES BEING CONTEMPLATED. BACKERS OF THE PROGAS PLAN ARE INSISTING THAT THEIR UNDERTAKING IS COMPLIMENTARY TO THE PREBUILDING OF THE SOUTHERN LEGS OF THE ALASKAN HIGHWAY GAS PIPELINE BUT PROPOSAL IS VIEWED BY FOOTHILLS

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BACKERS AS DIRECT THREAT TO ALCAN PROJECT. PAN ALBERTA EXECUTIVE TOLD CONGEN THAT PROGAS EXPORT SCHEME WOULD NOT BE ACCEPTABLE TO ALBERTA GOVERNMENT AS IT "DID NOTHING FOR SMALL GAS PRODUCERS" AND WAS OF PRIMARY BENEFIT TO MULTINATIONALS AND EASTERN CANADIAN ESTABLISHMENT. PAN ALBERTA OFFICIAL ALSO EXPRESSED CONCERN THAT GIVEN CURRENT STATE OF APPREHENSION ABOUT FATE OF U.S. ENERGY LEGISLATION, PROGAS

GROUP MIGHT SUCCEED IN CORNERING LARGE PORTION OF CURRENTLY  
UNCOMMITTED WESTERN GAS SUPPLIES. WE UNDERSTAND THAT  
COLUMBIA GAS IS PRIME U.S. BACKER OF PROGAS PROPOSAL.  
PROGAS PROPOSAL WOULD COMPETE WITH Q & M PROJECT OF ALBERTA  
GAS TRUNK LINE AND PETROCANADA AND, WHILE VOLUMES OF GAS  
SURPLUS TO ALBERTA S NEEDS APPEAR TO BE GROWING VERY  
RAPIDLY, THERE IS CONSIDERABLE DOUBT HERE THAT PREBUILDING  
SCHEME OF FOOTHILLS AND PROGAS PROPOSAL COULD BE SIMUL-  
TANEOUSLY ACCOMMODATED.  
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## Message Attributes

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**Channel Indicators:** n/a  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014